



**City of San Diego**

# **‘Quality Assurance Efforts under Managed Competition’**

**Presentation to the Rules, Open Government, and  
Intergovernmental Relations Committee  
Report No. 11-004**

**Wednesday, January 12, 2011**

# Agenda

- About Quality Assurance and Managed Competition
- Quality Assurance Framework
- Monitoring Service Provider Performance
- Non-performance
- Corrective Action
- Contract Termination



# About Quality Assurance

## Quality Assurance (Definition):

A systematic process of monitoring and evaluating various aspects of a project or service *to ensure that standards of quality are being met as specified by a contract's quality and quantity requirements.*

## How Quality Assurance relates to Managed Competition

Quality Assurance will help determine whether the service provider is performing according to the requirements and performance standards outlined in the solicitation.



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# Quality Assurance Framework

The City has this Quality Assurance Framework in place to support Managed Competition. It consists of the following (8) components:

- ☐ Statement of Work (SOW)
- ☐ Transition Plan
- ☐ Optional Performance Bond
- ☐ MCIRB Evaluation
- ☐ Quality Control Plan (QCP)
- ☐ Quality Assurance Surveillance Plan (QASP)
- ☐ Contract Management Personnel
- ☐ Audits



# Quality Assurance Framework

**MC  
Independent  
Review Board**

**Contract  
Management  
Personnel**

**City  
Department**

**Service  
Provider**

**City Auditor**

**Business  
Office**

**Statement of  
Work**

**Transition Plan**

**Optional  
Performance Bond**

**Purchasing  
&  
Contracting**

**MCIRB  
Evaluation**

**Quality Control  
Plan (QCP)**

**Quality Assurance  
Surveillance Plan  
(QASP)**

**Contract  
Management  
Personnel**

**Audits**

**Monitoring and  
Reporting Tools**

**Fiscal Oversight**

**Customer Surveys**

**Quality Assurance Framework under Managed Competition**



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# Quality Assurance Framework (continued)

## Statement of Work (SOW)

- It specifically outlines the services to be provided to which the Employee Proposal Team and independent service providers will respond.
- They require that the selected contractor do the following:
  - ☐ Have appropriate safety policies and procedures in place to protect the public and its employees in providing the service;
  - ☐ Designate qualified personnel to monitor contract compliance;
  - ☐ Employ in the service of its City contract only those who have the necessary technical qualifications to provide the services;
  - ☐ Maintain for its employees the same certification as will be required of City employees performing the same service;
  - ☐ Perform background checks on employees performing a particular service if background checks will be required of City employees performing that same particular service; and
  - ☐ Has provided the service satisfactorily for a sufficient period of time to demonstrate expertise.





# Quality Assurance Framework (continued)

## Transition Plan

- As part of the SOW, the City requires all bidders to include a transition plan as part of their technical proposals. Each service provider must provide a detailed transition plan outlining its approach for implementing their proposed organization to meet the requirements in the final SOW.



# Quality Assurance Framework (continued)

## Optional Performance Bond

**Definition:** A bond issued by a surety company which guarantees the client that if the contractor fails to complete the project in accordance with the terms of the contract or agreement, the surety company will either complete the contract itself, or arrange for a client-approved contractor to complete the contract.

- The use of a performance bond will depend upon a judgment of the risks and costs involved and the feasibility of changing providers to ensure continuity of services in the event of non-performance.





# Quality Assurance Framework (continued)

## Managed Competition Independent Review Board (MCIRB) Evaluation

- The Managed Competition Independent Review Board (MCIRB) is an independent, seven-member board appointed by the Mayor.
- Its purpose is to advise the Mayor whether a City department's proposal or an independent contractor's proposal will provide the services to the City most economically and efficiently while maintaining service quality and protecting the public interest.



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# Quality Assurance Framework (continued)

## Quality Control Plan (QCP)

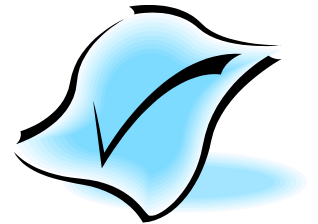
- The QCP is a required element of the service provider's technical proposal. The QCP must address the following:
  - ☐ Describe the methods of direct and indirect communications with the City regarding performance of the contract;
  - ☐ Describe the means by which the service provider will ensure quality performance standards described in the solicitation are met;
  - ☐ Describe the service provider's quality control system (e.g. services, inspection schedules, position(s) and qualifications for personnel performing the quality control inspections, provisions for recording the results of inspections and for recording corrective action taken, etc.);
  - ☐ A customer complaint feedback system (it should describe how a customer or interested party can identify problems to the service provider;



# Quality Assurance Framework (continued)

## Quality Assurance Surveillance Plan (QASP)

- The QASP describes the methodology that should be used to conduct both quantitative and qualitative evaluations of service provider performance under the contract and includes performance standards the service provider will be required to adhere to.
- While the QCP represents the way in which the service provider will internally ensure its quality and timeliness of services, the 'Quality Assurance Surveillance Plan' (QASP) represents the mechanism by which the City will evaluate the service provider's performance.
- The QASP focuses on examining the end products, services and outcomes provided by the service provider and not the processes and procedures used in producing them (unless the City specifies the process or procedure in the contract).



# Quality Assurance Framework (continued)

## Elements of the Quality Assurance Surveillance Plan (QASP)

- QASP should address the following:
  - ☐ Communicate deficiencies to the service provider;
  - ☐ Implement action plans to deal with the deficiencies;
  - ☐ Take corrective action when the action plan is not followed and/or resolved.



# Monitoring Service Provider Performance

- **Monitoring service provider performance involves the use of the following:**
  - ✓ Contract management/monitoring staff (Contract Managers and Quality Assurance Evaluators)
  - ✓ Monitoring and Reporting Tools (checklists, reports, forms, schedules)
  - ✓ Fiscal Oversight
  - ✓ Audits (Annual Performance Audits and Independent Audits)
  - ✓ Customer Surveys



# Contract Managers

- For independent service provider performance, the City will appoint a Contract Manager who will be responsible for day-to-day contract administration. The Contract Manager is responsible for establishing a regular schedule and format for communicating the status and effectiveness of the contract. The Contract Manager can consult the Quality Assurance Surveillance Plan Guide on how to develop surveillance schedules and status reports for their function(s).
- In larger contracts, there is the position of Quality Assurance Evaluator (QAE) to help support the Contract Manager.





# Contract Managers (continued)

Formula for allocating the number of contract management staff:

Minimum Staffing	Maximum Staffing	Contract Admin Personnel FTE
-	5	0.05
6	10	0.125
11	20	0.25
21	40	0.50
41	80	1.00
81	120	1.50
121	160	2.00
161	200	2.50

For contracts with staffing levels greater than 200 positions, use the following formula to determine the number of Contract Administration Personnel FTE:

$$1 * 0.0125$$



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# Fiscal Oversight

- The City is responsible for monitoring the costs of the Employee Proposal Team or independent service provider on a monthly basis.
- The Contract Manager is responsible for approving service provider's invoices and notifying P&C of any discrepancies.
- The Business Office will receive quarterly updates on the cost performance of either the Employee Proposal Team or independent service provider to ensure that they are meeting the terms established in their cost proposal.



# Audits

## Annual Performance Audits and Independent Audits

- Audits will be conducted in pursuant to Charter section 117(c). The Mayor is required to produce annual performance audits for contracted services.
- In addition, the Mayor will seek an independent audit every five (5) years to evaluate the City's experience and performance audits.
- In addition to the performing annual performance audits, the City Auditor will be asked to review contract monitoring practices of the City department to offer suggestions for proper contract management.



# Customer Surveys

- When appropriate for the service, the City will conduct a customer survey to establish a baseline for customer satisfaction and serve as a mechanism for customers to formally provide feedback on the quality of services received.
- In addition to performing regular inspections, the Contract Manager will investigate all complaints to determine whether they are valid.
- The customer feedback will be reviewed and summarized on a quarterly basis to determine whether customer expectations are being met.
- If complaints are made frequently on the same or similar issues, the Department will immediately initiate corrective action with the independent service provider.



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# Non-Performance

## Non-performance

- Non-performance occurs when the service provider's performance does not meet or exceed the prescribed performance standard for a given requirement.
- Documentation of work not performed (or poorly-performed work) is essential for tracking service provider performance throughout the term of the contract. The Contract Manager will document deficient work and develop documentation to substantiate non-conformance with the contract. The documentation, together with any recommendations, will be forwarded to the Department Director.



# Corrective Action

## Corrective Action

- If the City determines that costs, performance levels, outcomes, or customer satisfaction do not meet the committed levels (and the performance was the result of the service provider), the City may take remedial action permitted by the contract.
- Any non-conformance with contract requirements is considered a 'defect' and must be corrected.
- Formal corrective action may be necessary if the issue(s) have not been resolved. Corrective action will be consistent with guidelines established under the terms and conditions of the contract.
- If corrective action does not work and the deficiency is not corrected, this could lead to termination of the contract.
- If a performance bond was required, it may be invoked.



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# Contract Termination

## Contract Termination

- As stated in the Managed Competition Guide, “contracts with all service providers shall include consequences for non-performance, up to and including termination of the agreement with the service provider, including an independent contractor or City department.
- Should a contract be cancelled as a result of non-performance, the City may either re-take the delivery of the function that had been under contract or initiate actions to establish a new contract in accordance with the City’s purchasing and contracting guidelines.



# Questions?



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